



Pacific Energy Partners, L. P.

California Energy Commission Workshop On Proposed Transportation Of Petroleum Fuels

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Pacific Energy Partners

- Publicly traded master limited partnership (PPX: NYSE)
- Operate crude oil pipelines and terminals in California, Rocky Mountains and Canada
- Currently provides crude oil marine import infrastructure for Los Angeles Refineries through
 - Access to the Shell Dock in the Port of Long Beach
 - Tankage for receipt and storage of imports
 - Pipelines for distribution to the refineries
- Developing a new deep water liquid bulk terminal in the Port of Los Angeles – “Pier 400”



Pier 400 Project Update

- Pacific presented the Pier 400 Project to the CEC on June 28, 2004
- Would like to provide a status update today
- Pier 400 addresses one of the key issues currently being analyzed by the CEC:
 - The Inadequacy of Supply Infrastructure for importing crude oil into the Southern California Refining Markets

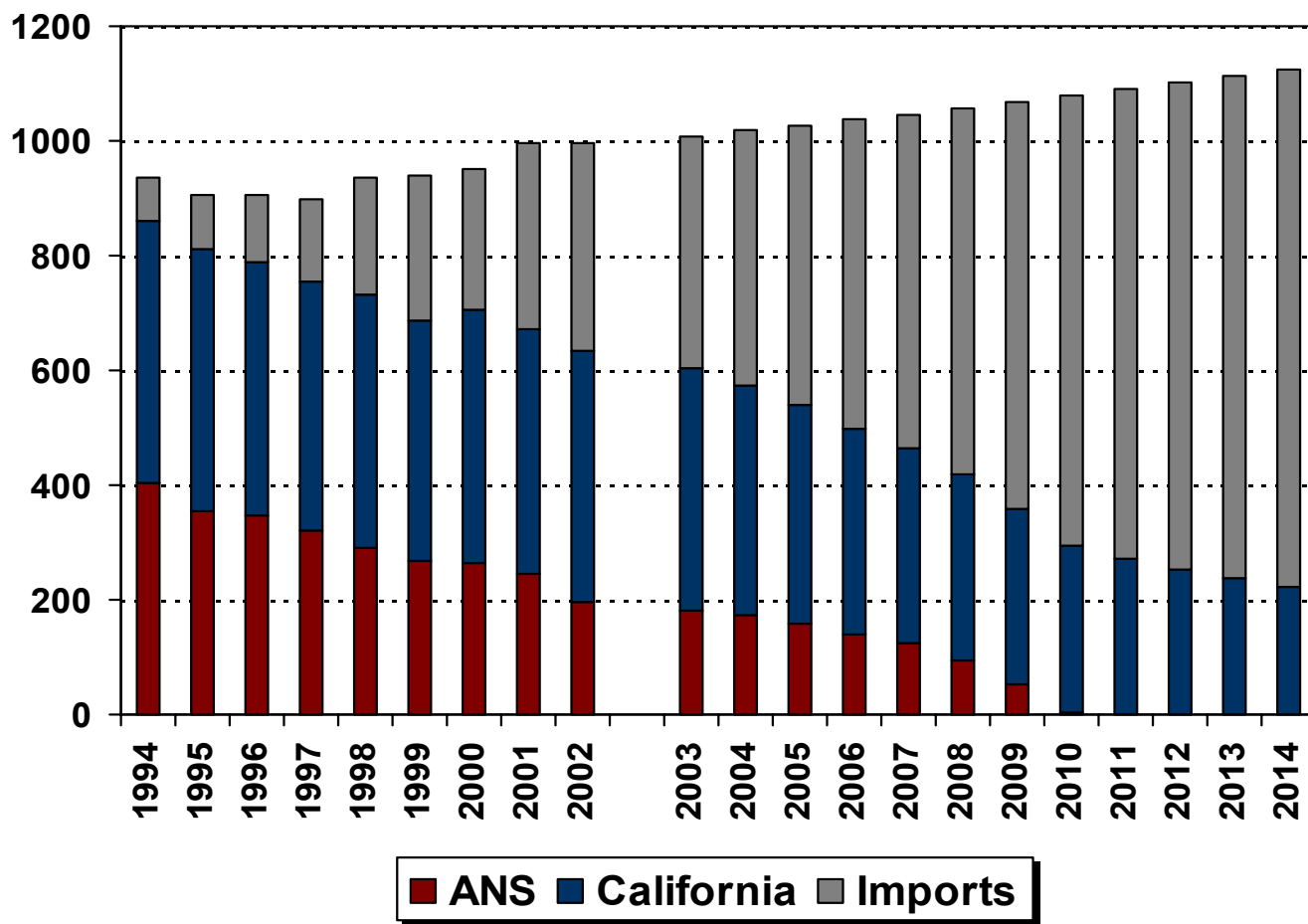


Supply Infrastructure Inadequacy

- As described in the background information distributed for this workshop, In – state petroleum extraction continues to decline
- In order to keep our refineries adequately supplied, crude oil imports must increase
- Existing crude oil import facilities in the Ports of Los Angeles and Long Beach are not adequate to handle increased imports and are currently operating at capacity
 - There are a limited number of berths
 - There is a limited amount of tankage
 - Existing berths are older with shallow water depths

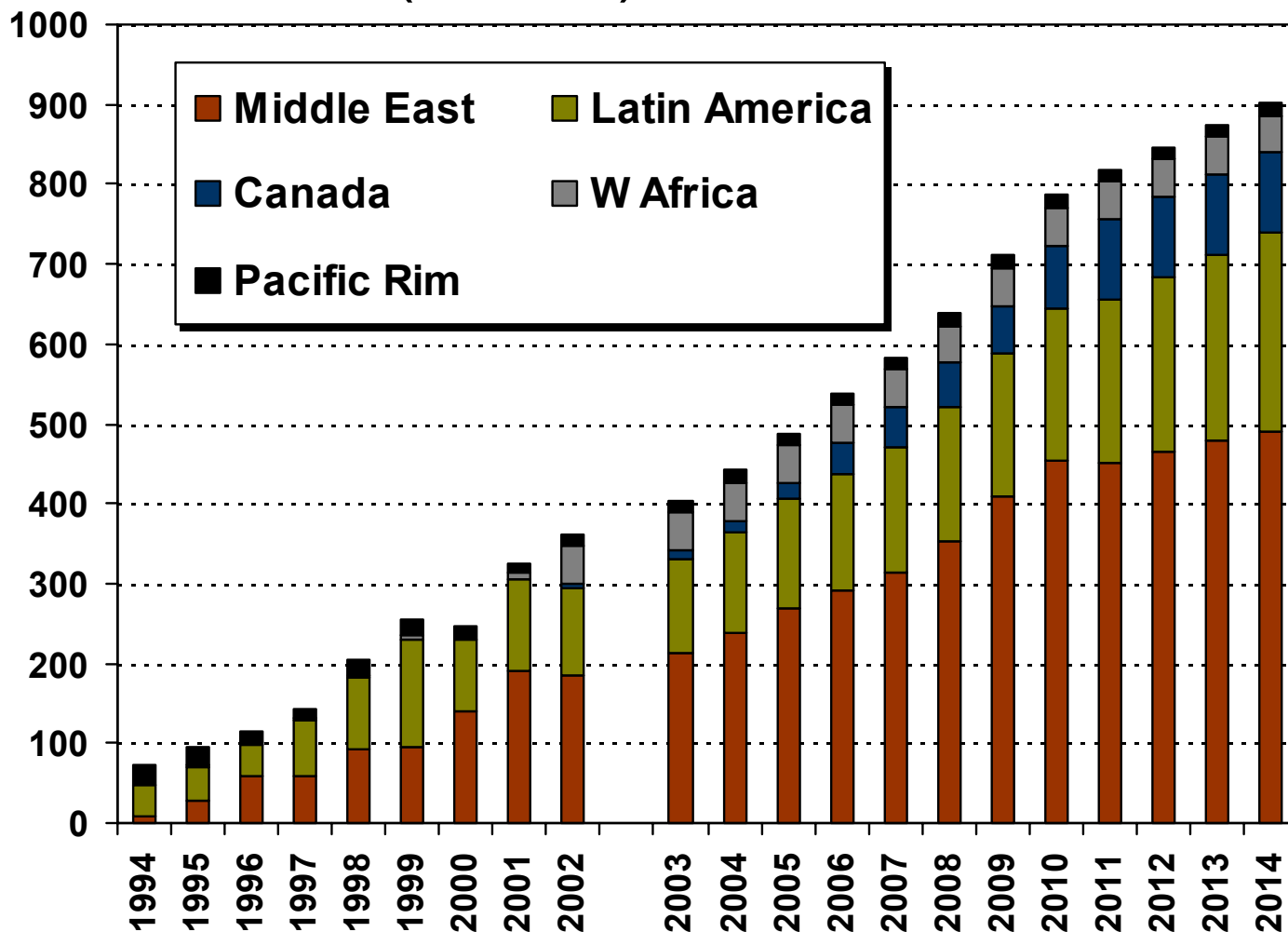


Southern California Crude Oil Supply by Region 1994 to 2014 (MBPD)





Southern California Imported Crude Oil Supply 1994 to 2014 (MBPD)





Pier 400 Project Design Features

- Can handle up to 250,000 barrels per day of imports
- Will have 81 feet of water depth for VLCC's
- Up to 4.0 million barrels of tankage
- Connected to all major refineries
- Designed for easy and safe navigation of marine vessels
- Avoids inner harbor traffic and congestion
- Marine vessel emissions will be offset and mitigated
- World class facility with adherence to the highest standards of safety and security
- Estimated cost expected to be \$130 to \$160 million



Port of Long Beach





Pier 400 Project – Strategic Advantages

- The deep water depth of 81 feet will allow the refineries to bring in large tankers in the VLCC class.
 - This allows the refineries to access crudes from around the world and to be independent of problems in one particular region of the world
 - Refiners can also take advantage of world crude oil market opportunities as they develop
- The above features will allow refiners to manage the cost of crude oil feed to their plants



Pier 400 Project – Strong Commercial Support

- Valero committed to 50,000 barrels per day for 30 years
- Discussions are underway with several other major integrated oil companies for long term contracts
- Expected initial volume at start-up of the facility is in the range of 150,000 to 180,000 barrels per day



Current Activities - Permitting

- NEPA/CEQA process began on July 8, 2004 with the 1ST public scoping meeting
- NEPA/CEQA expected to take 15 months
- Pacific has and will continue to purchase emission reduction credits for the project - \$9 million of credits have been purchased to date
- Air quality is a key issue with the POLA area communities
- The local communities are involved in the permitting process



Estimated Schedule

- Issue Notice of Preparation June 14, 2004
- Issue Final EIR July 22, 2005
- Approve Final EIR September 16, 2005
- Finish On-shore Construction February 6, 2007
- Finish Off-shore Construction February 16, 2007
- Project acceptance & start up March 16, 2007



CEC Considerations

- Major energy issue for California and Southwest U.S.
- Focus on barriers to projects
- Recognition of the great need for this project with sensitivity to local community concerns